

PX 344

From: Phil Rapoport <[REDACTED]@ripple.com> on behalf of Phil Rapoport <[REDACTED]@ripple.com>
To: [REDACTED]
CC: [REDACTED] Chris Larsen
Sent: 10/24/2013 8:52:17 AM
Subject: Re: new Market Making termsheet

Hi guys,

[REDACTED] and I just touched base on the phone.

Yes, we are all on the same page that this will be a "distribution" strategy where you are expected to lose XRP to the market, and the loan will be forgiven. I just tried to leave the termsheet language as open ended as possible.

fwiw, we do not want to manage the price of XRP in a particular direction. The market will take its course. I think it'll go the "right way" on its own over time. Dips are a buying opportunity. =)

[REDACTED] as discussed, we'll get [REDACTED] XRP sent over to the same address we've been using.

Thanks for your help,
Phil

On Thu, Oct 24, 2013 at 10:31 AM, [REDACTED] wrote:
Phil-

It is my understanding from [REDACTED] that his discussions with Chris were to take a significantly different tact. The reality is that is is impossible in this market to actually make any significant dollars as a market maker. We had the perfect storm for us during the [REDACTED] transaction. The BTC appreciated dramatically while we were holding BTC, and the RPX weakened significantly. we still only cleared a few thousand dollars in P&L. There is little, to no, back and forth trading, and even then not nearly in sufficient dollar "size" to make a pure market making effort worth the time.

[REDACTED]s discussions with Chris were more along the following lines....Rob, please correct me if I am way off base here:

Our intent is to LOSE as much money as possible. the concept would be that we would make a sizable two sided market that would be relatively wide. Call it 10,000USD notional up on both sides. We would then effectively sweep the book back and forth within that range, and let some of these retail traders in the market pick up a few dollars. This would highly encourage them to become more active and allow for a broader base of RPX traders to get involved. Until natural flow builds through merchants crossing currencies, whatever, Ripple Labs needs to "create" this flow to encourage the fundamental building blocks of any market....the speculators. This directly benefits RL in that is addresses one of the fundamental problems with the RPX. Distribution. The more players in the market the better.

Our compensation would come in the form of forgiving part of the loan on a monthly basis. We would look to you to tell us where you want the price of the RPX to move and how quickly. With enough size, we can stop the depreciation dead in it's tracks and also allow for a controlled appreciation which is what I think you want. Stability brings confidence.

On Thu, Oct 24, 2013 at 7:12 AM, Phil Rapoport <[REDACTED]@ripple.com> wrote:
Hi guys,

Please take a look at the attached. I tried to leave it very broad. Does it seem okay?

Phil

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[REDACTED]